

State of Utah School and Institutional

TRUST LANDS ADMINISTRATION

Michael O. Leavitt Governor David T. Terry Director 675 East 500 South, Suite 500 Salt Lake City, Utah 84102-2818 801-538-5100 801-355-0922 (Fax) http://www.trustlands.com

February 9, 1999

Clyde Slaugh Daggett County 95 North 100 West Manila, UT 84046

RE: Trust Lands Clay Lease, ML 46149 S/009/004

Dear Mr. Slaugh,

I am receipt of a copy of the acceptance letter sent you by the Division of Oil, Gas & Mining regarding your notice of intent to commence mining under ML 46149. Page Two of the DOGM letter advises Daggett County that it must meet the notification and bonding requirements and obtain approval of the School and Institutional Trust Lands Administration (SITLA) prior to commencement of mining.

The terms and conditions of ML 46149 provide that the Lessee shall notify the Lessor at least 60 days in advance of any operations which may disturb the surface of the leased lands. Prior notifications submitted by the Lessee to mine the lands under ML 46149 are deficient for any new or additional mining of the lands. I am enclosing the current notification guidelines for minerals operators and lessees upon trust lands. Please submit the requested information and maps to me at your earliest convenience. Please do not commence any new or additional mining or reclamation operations upon the lands under ML 46149 until your new plan of operations is reviewed and approved by SITLA.

I am particularly concerned about existing and proposed mining disturbances with respect to the legal boundaries of the leasehold. Please submit a land survey of all existing and proposed mining disturbances in and adjacent to the leased lands as part of your notification to SITLA.

Thank you for your cooperation. Please contact me if you have any questions in this matter.

Sincerely,

John T. Blake

Mineral Resources Specialist

cc: Anthony Gallegos